

EXHIBIT 1

INTRODUCTION

Respondent Save the Horses (the “Committee”) was a ballot measure committee primarily formed on February 13, 1997, to support the qualification and passage of Proposition 6, in the November 3, 1998 General Election. Respondent Cathleen Doyle was the treasurer of the Committee. The purpose of Proposition 6 was to prohibit the slaughter of horses for human consumption. The ballot measure passed by 59 percent of the vote.

The Franchise Tax Board (the “FTB”) audited the Committee’s activities from January 1, 1997 to December 31, 1998. The FTB presented its findings to the Fair Political Practices Commission on or about May 31, 2000. During the audit period, Respondents raised \$1,209,311 in campaign contributions, and made \$1,206,834 in campaign expenditures.

For the purposes of this Stipulation, Respondents’ violations of the campaign disclosure provisions of the Political Reform Act (the “Act”)¹ are stated as follows:

- COUNT 1: In a semi-annual campaign statement filed on November 14, 1997, for the reporting period January 1 to June 30, 1997, Respondents failed to disclose occupation and employer information for 47 individual contributors, in violation of Section 84211, subdivision (f).
- COUNT 2: In a semi-annual campaign statement filed on February 6, 1998, for the reporting period July 1 to December 31, 1997, Respondents failed to disclose occupation and employer information for 25 individual contributors, in violation of Section 84211, subdivision (f).
- COUNT 3: During the July 1 to December 31, 1997 semi-annual reporting period, Respondents failed to send major donor notification letters to seven contributors of \$5,000 or more, in violation of Section 84105.
- COUNT 4: In a semi-annual campaign statement filed on August 17, 1998, for the reporting period January 1 to June 30, 1998, Respondents failed to disclose occupation and employer information for 55 individual contributors, in violation of Section 84211, subdivision (f).

¹ The Political Reform Act is contained in Government Code sections 81000 through 91014. All statutory references are to the Government Code unless otherwise indicated. The regulations of the Fair Political Practices Commission are contained in sections 18109 through 18997 of Title 2 of the California Code of Regulations. All regulatory references are to Title 2, Division 6 of the California Code of Regulations, unless otherwise indicated.

- COUNT 5: In a semi-annual campaign statement filed on August 17, 1998, for the reporting period January 1 to June 30, 1998, Respondents failed to properly disclose a \$28,000 loan to Respondent Save the Horses from the personal account of Respondent Cathleen Doyle, in violation of Section 84211, subdivision (g).
- COUNT 6: During the January 1 to June 30, 1998 semi-annual reporting period, Respondents failed to send major donor notification letters to seven contributors of \$5,000 or more, in violation of Section 84105.
- COUNT 7: In a first pre-election campaign statement filed on October 15, 1998, for the reporting period July 1 to September 30, 1998, Respondents failed to disclose occupation and employer information for 61 individual contributors, in violation of Section 84211, subdivision (f).
- COUNT 8: In a first pre-election campaign statement filed on October 15, 1998, for the reporting period July 1 to September 30, 1998, Respondents failed to properly itemize 22 expenditures of \$100 or more totaling \$64,370, in violation of Section 84211, subdivision (k).
- COUNT 9: During the October 1 to October 17, 1998 pre-election reporting period, Respondents failed to send major donor notification letters to three contributors of \$5,000 or more, in violation of Section 84105.
- COUNT 10: In a post-election semi-annual campaign statement filed on February 5, 1999, for the reporting period October 18 to December 31, 1998, Respondents failed to properly itemize two expenditures totaling \$9,079 in violation of Section 84211, subdivision (k).
- RESPONDENTS: Save the Horses and Cathleen Doyle

SUMMARY OF THE LAW

An express purpose of the Act, as stated in Section 81002, subdivision (a), is to ensure that contributions and expenditures affecting election campaigns are fully and truthfully disclosed to the public, so that voters will be better informed and improper practices inhibited. To that end, the Act sets forth a comprehensive campaign reporting system designed to accomplish this purpose of disclosure.

Duty to Disclose Occupation and Employer Information for Contributors of \$100 or More

For contributions totaling \$100 or more, Section 84211, subdivision (f) requires ballot measure committees to itemize on their semi-annual and pre-election campaign statements the following information about the contributor: (1) his or her full name and street address; (2) his or her occupation,

and the name of his or her employer, or if self-employed, the name of his or her business; (3) the date and amount of each contribution; and (4) the cumulative amount of contributions received from the contributor.

Duty to Notify Contributors of \$5,000 or More

If a ballot measure committee receives a contribution of \$5,000 or more, Section 84105 requires the committee to notify the contributor that he or she may qualify as a major donor committee that has filing obligations under the Act. The notice must be in writing, and sent within two weeks of receiving the contribution. A contributor to a committee can qualify as a “major donor committee” by making contributions totaling \$10,000 or more in a calendar year. (Section 82013, subd. (c).) Under Regulation 18427.1, a committee is not required to send a major donor notification to a contributor, if the committee has previously sent a major donor notification to the contributor in the same calendar year.

Duty to Disclose and Itemize Expenditures of \$100 or More

For expenditures of \$100 or more, Section 84211, subdivision (k) requires ballot measure committees to report on their semi-annual and pre-election campaign statements the following itemized information about the expenditures: (1) the full name and street address of the payees; (2) the amount of the expenditures; and (3) a brief description of the consideration for which each expenditure was made.

Treasurer Liability

Under Section 81004, subdivision (b), Section 84100, and Regulation 18427, subdivision (c), it is the duty of a committee’s treasurer to ensure that the committee complies with all of the requirements of the Act concerning the receipt and expenditure of funds, and the reporting of such funds. A committee’s treasurer may be held jointly and severally liable, along with the committee, for any reporting violations committed by the committee. (Sections 83116.5 and 91006.)

SUMMARY OF THE FACTS

COUNTS 1, 2, 4 and 7

Failure to Disclose Occupation and Employer Information

From January 1, 1997 to September 30, 1998, Respondents filed four campaign statements, including three semi-annual statements and a first pre-election statement. For individual contributors of \$100 or more, Respondents had a duty to disclose occupation and employer information for each such contributor on the four campaign statements. Respondents, however, did not disclose occupation and employer information for approximately 188 out of 254 individual contributors of \$100 or more that were listed in the four campaign statements (corresponding with approximately 70 percent of the total itemized contributions received by the Committee).

The number of contributors for whom Respondents did not properly disclose occupation and employer information, per campaign statement, is as follows:

Counts	Period Covered	Occupation/Employer Information Not Disclosed
1	Jan. 1 to June 30, 1997	47 of 49 individuals
2	July 1 to Dec. 31, 1997	25 of 38 individuals
4	Jan. 1 to June 30, 1998	55 of 69 individuals
7	July 1 to Sept. 30, 1998	61 of 98 individuals

By failing to disclose occupation and employer information for 188 contributors on four campaign statements, Respondents committed four violations of Section 84211, subdivision (f).

Before the conclusion of the FTB audit, and before the FTB referred the matter to the Fair Political Practices Commission, Respondents were advised that occupation and employer information was missing from their campaign statements. On June 18, 1998, Bob Steele, Chief of the Political Reform Division of the Secretary of State's Office, sent a letter to Respondents, informing them that occupation and employer information was missing from the semi-annual campaign statement, covering the reporting period January 1 to June 30, 1997, which is the subject of Count 1. The following year, on June 11, 1999, Respondents filed an amendment to that semi-annual campaign statement. On the amended campaign statement, occupation and employer information was missing for only 9 out of 49 itemized contributors.

On June 18, 1998, Mr. Steele sent a second letter to Respondents, informing them that occupation and employer information was missing from the semi-annual campaign statement, covering the reporting period July 1 to December 31, 1997, which is the subject of Count 2. The following year, on June 11, 1999, Respondents filed an amendment to that semi-annual campaign statement. On the amended campaign statement, occupation and employer information was missing for only 6 out of 38 itemized contributors.

In addition, on June 11, 1999, Respondents filed an amendment to the semi-annual campaign statement for the reporting period January 1 to June 30, 1998, which is the subject of Count 4. On the amended campaign statement, occupation and employer information was missing for only 21 out of 69 itemized contributors.

On December 4, 1998, Mr. Steele sent a third letter to Respondents, informing them that occupation and employer information was missing from the first pre-election campaign statement, covering the reporting period July 1 to September 30, 1998, which is the subject of Count 7. The following year, on June 11, 1999, Respondents filed an amendment to that campaign statement. On the amended campaign statement, occupation and employer information was missing for only 37 out of 98 itemized contributors.

COUNTS 3, 6, and 9
Failure to Send Major Donor Notifications

Within two weeks of receiving a contribution of \$5,000 or more, Respondents were required to inform the contributor that he or she may be required to file campaign reports as a major donor committee. During three reporting periods, Respondents received 17 contributions of \$5,000 or more, totaling \$805,000 (approximately 65 percent of the total contributions received by Respondents). Respondents did not inform the persons who made these 17 contributions that they might be required to file campaign statements.

The 17 major donor contributions were as follows:

Counts	Date	Contributor	Amount
3	10/15/97	Friends of Animals, Inc.	\$20,000
	10/15/97	Patricia Shenker	\$10,000
	10/15/97	The Fund for Animals Inc.	\$10,000
	10/17/97	Compassion for Animals	\$5,000
	11/06/97	Equine Sanctuary	\$5,000
	11/13/97	Sherry DeBoer	\$125,000
	11/26/97	Sidne J. Long	\$125,000
6	01/09/98	Alexander Foundation, Inc.	\$5,000
	01/09/98	Sherry DeBoer	\$50,000
	01/14/98	Friends of Animals, Inc.	\$25,000
	02/10/98	Tina Long	\$125,000
	02/17/98	Pheobe Hearst Cooke	\$10,000
	02/17/98	Michael Haskett	\$10,000
	03/09/98	Kate Capshaw-Spielberg	\$5,000
9	10/05/98	Sue Maloney Stiles	\$200,000
	10/14/98	MPL Communications Inc.	\$70,000
	10/17/98	Megan Marciano	\$5,000

Twelve of the 17 contributors of \$5,000 or more had a duty to file major donor campaign statements because they made contributions totaling \$10,000 or more in a calendar year. Only six of those twelve major donors, however, actually filed a major donor campaign statement disclosing their contributions.

By failing to send major donor notifications to 17 contributors of \$5,000 or more during three reporting periods, Respondents committed three violations of Section 84105.

COUNT 5

Failure to Properly Disclose a Loan

On June 15, 1998, Respondent Cathleen Doyle made a short-term personal loan of \$28,000 to the Committee. Respondents did not report the \$28,000 loan, as they were required to do, on their August 17, 1998 semi-annual campaign statement, for the reporting period January 1 to June 30, 1998. By failing to report the receipt of the \$28,000 loan from Respondent Cathleen Doyle, Respondents committed a violation of Section 84211, subdivision (g).

COUNTS 8 and 10

Failure to Itemize Expenditures

Respondents were required to itemize detailed information for each expenditure of \$100 or more. In a first pre-election campaign statement, for the July 1 to September 30, 1998 reporting period, Respondents did not properly itemize 22 expenditures of \$100 or more totaling \$64,370. In a post-election semi-annual campaign statement, for the October 18 to December 31, 1998 reporting period, Respondents did not properly itemize two expenditures totaling \$9,079. By failing to itemize 24 expenditures totaling \$73,449 on two campaign statements, Respondents committed two violations of Section 84211, subdivision (k).

Additional Information

Respondent Cathleen Doyle, as the treasurer of Respondent Committee, received all of the contributions, and made all of the expenditures of the Committee. She hired an accountant to send required notifications and to complete and file campaign statements reflecting the Committee's activities. In carrying out her duties as treasurer, Respondent Cathleen Doyle failed to ensure that the accountant complied with all of the requirements of the Act. There is no evidence that she misappropriated funds, or engaged in any other type of misconduct with respect to the Committee's funds.

CONCLUSION

This matter consists of ten counts, which carry a maximum possible administrative penalty of Twenty Thousand Dollars (\$20,000).

Regarding Counts 1, 2, 4 and 7, the failure to report occupation and employer information for contributors of \$100 or more is a very serious violation, especially as it occurred in the context of a ballot measure election. By failing to disclose the occupation and employer information for contributors of \$100 or more, Respondents deprived the public of information regarding whether the Committee's contributions came from a particular industry, trade or profession, or from the employees of a single corporation. Therefore, the imposition of the maximum penalty of \$2,000 for each of the four violations is appropriate.

Regarding Counts 3, 6, and 9, the typical administrative penalty for failing to inform contributors of \$5,000 or more that they may have filing obligations ranges from One Thousand to Two Thousand

Dollars (\$1,000 to \$2,000) per violation. In this case, as the 17 contributors who did not receive notifications contributed approximately 65 percent of the total contributions received by Respondents, an administrative penalty at the higher end of that range is appropriate.

Regarding Counts 5, 8, and 10, the typical administrative penalty for failing to properly itemize contributions and expenditures of \$100 or more ranges from One Thousand to Two Thousand Dollars (\$1,000 to \$2,000) per violation. In this case, Respondents' failure to report a \$28,000 loan and itemize \$73,449 in expenditures only deprived the public of a small percentage of Respondents' overall campaign activity. Therefore, an administrative penalty in the middle of that range is appropriate.

Accordingly, the facts of this case, including the factors discussed above, justify imposition of the agreed upon penalty of Eighteen Thousand Dollars (\$18,000).